

In order to meet Section 242 statutory requirements, the hospital must meet HUD's "Market Demand" test. HUD evaluates market demand for the hospital through an analysis of the hospital's service area definition, its historical utilization, occupancy, forecasted population growth, competitor data, and other factors.

While we perform a rigorous review of market demand for each deal, it is rare that an existing hospital fails to meet HUD's Market Demand test. Typically, a hospital that records a positive operating margin and maintains a significant or stable level of admissions is able to demonstrate Market Demand.

For the purpose of Pre-Screening for hospital mortgage insurance, HUD assumes that the hospital meets the Market Demand test if it is an existing hospital (as opposed to a start-up).

If the hospital is currently operating (as opposed to a start-up facility), please click on "Yes" when answering this question.